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INTERGOVERNMENTAL NEGOTIATING COMMITTEE
FOR A FRAMEWORK CONVENTION ON CLIMATE
CHANGE
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Agenda item 11

# ADOPTION OF THE REPORT OF THE COMMITTEE, INCLUDING RECOMMENDATIONS TO THE CONFERENCE OF THE PARTIES

Draft report of the Committee on its eleventh session

Rapporteur: Maciej SADOWSKI (Poland)

Addendum

## VI. MATTERS RELATING TO ARRANGEMENTS FOR THE FINANCIAL MECHANISM AND FOR TECHNICAL AND FINANCIAL SUPPORT TO DEVELOPING COUNTRY PARTIES

Replace paragraphs 59-60 in A/AC.237/L.24/Add.1 by the following:

59. Having discussed texts proposed by the Co-Chairmen (A/AC.237/WG.II./L.11 and L.12), Working Group II at its 10th meeting, on 15 February, proposed a draft recommendation to COP 1 and a draft decision on the sub-item for adoption by the Committee.

2. Conclusions

60. On the recommendation of Working Group II, the Committee at its .. plenary meeting on .. February, adopted recommendation ... on initial guidance on policies, programme priorities and eligibility criteria to the operating entity or entities of the financial mechanism, for submission to COP 1, and decision ... on temporary arrangements between the Committee and the Global Environment Facility, the texts of which are contained in Part Two of this report.

## VII. PROVISION TO DEVELOPING COUNTRY PARTIES OF TECHNICAL AND FINANCIAL SUPPORT

Replace section VII. (paras. 69-72) in document A/AC.237/L.24/Add.1 by the following text:

1. Proceedings

1. Working Group II considered item 9 at its 7th, 8th, 9th and 10th meetings, on 9, 14 and 15 February. It had before it a note by the interim secretariat on the Climate Convention cooperation programme (A/AC.237/90 and Add.1-3), which was introduced by a representative of the interim secretariat, who, together with the representatives of UNEP, UNITAR and the GEF, responded to questions raised.

2. Statements were made under this item by the representatives of 12 States, including one speaking on behalf of the European Community and its member States, and another speaking on behalf of the Group of 77 and China. These representatives generally welcomed the progress made in the activities of the interim secretariat and its partners.

3. Representatives noted the achievements of the CC:INFO programme, and welcomed plans to strengthen it in the future. Two delegations suggested that, in the future, CC:INFO might also include information relating to technology transfer.

4. A number of representatives also welcomed progress in developing a proposal for the second phase of CC:TRAIN. Some representatives supported efforts aiming at improving the efficiency of the programme and its cooperation with other agencies.

5. Some representatives questioned whether the main responsibility for such activities was best included within the core tasks of the Convention secretariat, and suggested that UNDP and UNITAR may be more appropriate. The UNEP representative assured its readiness to ensure the continuation of CC:INFO, but made clear that this would not be possible within its existing budget. Some representatives, however, called for the maintenance of those activities with the Convention secretariat. It was noted that such activities were not envisaged to be part of the core

administrative budget of the Convention secretariat. One representative requested clarifications concerning the expenditures and results to date under various technical cooperation activities.

6. Representatives generally welcomed the joint paper of the interim secretariat and the GEF secretariat as a sign of good working relations between them, and encouraged them to continue their co-operation.

7. Bearing in mind the views expressed by representatives, and without prejudice to the guidance that the Conference of the Parties may provide in the future, the interim secretariat was requested to continue to facilitate the provision of technical and financial support to Parties, in cooperation with its partners, and to periodically report back to the Conference of the Parties on progress achieved, so that further guidance could be provided.

### 2. Conclusions

8. At its ... plenary meeting, on .. February, the Committee took note of the views expressed in Working Group II on this item, and of the conclusion contained in paragraph 7 above.

## IX. DESIGNATION OF A PERMANENT SECRETARIAT AND ARRANGEMENTS FOR ITS FUNCTIONING

### A. Institutional linkages

### 1. Proceedings

1. For its consideration of this sub-item, the Committee had before it, in addition to the relevant section of the report of the Contact Group (A/AC.237/79/Add.5, paras. 1-6), a note by the Executive Secretary conveying the advice by the Secretary-General of the United Nations on an institutional arrangement for the permanent secretariat (A/AC.237/79/Add.1), and the "Understanding on support for the United Nations Framework Convention on Climate Change and cooperation with the Convention secretariat" (A/AC.237/79/Add.6), which were introduced by the Executive Secretary at the 4th plenary meeting, on 13 February.

2. At the 5th plenary meeting, on 15 February, one representative, speaking on behalf of the European Community and its member States, stated that he was ready to accept the Secretary-General's advice that the Convention secretariat be institutionally linked to the United Nations, while not being fully integrated in the work programme and management structure of any particular department or Programme. He considered that provision of administrative support by a department or Programme should not impinge upon the autonomy of the Convention secretariat. He hoped that the appreciable financial support provided by the United Nations in terms of conference servicing

would be continued in the future and that part of the overhead provided to the United Nations could be used in support of the administrative expenses of the Convention secretariat.

3. Another representative also expressed his acceptance of the Secretary-General's proposals, and of the role assigned therein to the Department of Policy Coordination and Sustainable Development. He felt that some aspects would require further elaboration at the appropriate time, especially the dual accountability of the head of Convention secretariat to the Secretary-General and the Conference of the Parties, taking into account the responsibility of the Conference to set the policies and programmes of work of the secretariat.

### 2. Conclusions

4. At the same meeting, on the proposal of the Chairman, the Committee decided to recommend to the Conference of the Parties that, taking into account the advice of the Secretary-General and the related comments of the Contact Group of the Committee, as well as the "Understanding on support for the United Nations Framework Convention on Climate Change and cooperation with the Convention secretariat", it decide that the Convention secretariat be institutionally linked to the United Nations, while not being fully integrated in the work programme and management structure of any particular department or Programme. It further recommended that such a linkage be established for a definite duration and include a provision for its review.

5. The Committee further decided to invite the Secretary-General of the United Nations to complete his advice by recommending, for consideration by the Conference of the Parties at its first session, an efficient arrangement for administrative support to the Convention secretariat that would ensure proper procedures, controls and accountability, while allowing for managerial autonomy, flexibility and full accountability to the Conference of the Parties.

## B. Financial rules of the Conference of the Parties and of the subsidiary bodies established by the Convention

### 1. Proceedings

6. At the 3rd plenary meeting, on 10 February, the Chairman introduced the report of the Contact Group on this sub-item (A/AC.237/79/Add.5, paras. 7-10). He drew attention to the suggestion that a small representative group be established to review the Convention budget and report thereon to the Conference of the Parties, and to the possibility of an escape clause in the unlikely event that efforts to reach consensus on the budget proved unsuccessful. As regards the scale of contributions, for which the secretariat had,as an option, suggested a 25 per cent ceiling and also an exemption from contribution for any Party assessed by the United Nations General Assembly at less than 0.015 per cent, the Contact Group agreed with the proposed ceiling but was

of the opinion that all Parties should make at least a minimum contribution to the Convention budget.

7. The Executive Secretary introduced the secretariat report on this sub-item (A/AC.237/79/Add.2 and Corr.1-3) at the 4th plenary meeting of the Committee, on 13 February. He stressed the need for as predictable a basis as possible for the financing of the Convention. This would include the establishment of a working capital reserve, which was especially necessary in view of the proposal that contributions be made on an "indicative" basis rather than under a mandatory system of assessments.

8. Regarding the scale of contributions, one representative agreed with the suggestion that the scale be indicative and provide for a ceiling and for flexible payment conditions. Another representative, while expressing a preference for the Convention secretariat to be financed from the United Nations regular budget, favoured a scale of contributions with no ceiling. Some representatives felt that the scale should contain no lower limit, while one representative expressed the opposite view. Several representatives felt that the financial procedures should contain a more explicit reference to the United Nations scale of assessments as the basis for contributions to the core administrative budget of the Convention. Several representatives stressed that the scale should reflect the principle of common but differentiated responsibility and the capacity to pay of each country; in their view, no developing Party should contribute more than any developed Party.

9. Several representatives were in favour of adopting the budget by consensus. They also expressed some doubt on the need for a working capital reserve as had been proposed by the secretariat, and added that, in their view, the procedures should contain some additional provisions similar to those in financial procedures of other conventions.

10. One representative said that, if a small representative group for the purpose of budget review were seriously considered, his preference would be for a Finance Committee to be established by the COP.

11. The Committee then approved without dissent a proposal by the Chairman to establish an informal working group for further consideration of this sub-item.

12. At the 5th plenary meeting, on 15 February, the Chairman introduced a revised text of the draft financial procedures (A/AC.237/L.26), which had been prepared after consultation with delegations. He pointed out a number of changes as compared to the initial secretariat proposal and, in particular, the provisions that the budget, the scale of contributions and the level of the working capital reserve be adopted by consensus; that an explicit reference be made to the United Nations scale as a basis for the scale of contributions to the Convention; and that the budget be submitted directly to the Conference of the Parties and not through an intermediary body. He trusted that the Committee would recommend, by consensus, that the Conference adopt the draft financial procedures.

13. Representatives who commented on the proposal by the Chairman generally favoured its adoption by consensus. Some representatives stated, however, that they might intervene, if necessary, at the Conference of the Parties, in order to ensure that the procedures better reflect the principle of common but differentiated responsibility. Some representatives stressed the voluntary nature of the contributions referred to in paragraph 7(a) of the draft procedures. Others pointed out that the proposed floor of 0.01 per cent might need to be adjusted downwards in deserving cases. Some representatives were not yet entirely convinced of the need to establish a working capital reserve.

14. In response to a question, the Chairman stated that of the use of the word "due" in paragraph 8(b) of the draft procedures did not in any way change the nature of the contributions covered by paragraph 7(a) of those procedures; and that specific limitations on the use of funds, based on domestic legislation, could be communicated to the secretariat at the time a contribution was made.

15. Under this sub-item, the Committee, at its 4th plenary meeting, on 13 February, also considered a budget outline for the permanent secretariat for 1996/1997 (A/AC.237/79/Add.3), which was introduced by the Executive Secretary, who responded to a number of questions raised.

16. At the same meeting, it was agreed that the budget outline should be considered by the informal working group established to consider the financial rules.

17. At the 5th plenary meeting, on 15 February, the Chairman reported to the Committee on the discussions in the informal working group, indicating that there was a particular need to seek the views of the Committee on the question of the involvement of the ACABQ in the preparation of the first budget, and on whether the budget should include provision for a contribution to IPCC.

18. Most representatives who spoke on this topic felt that there was no real need to seek the advice of the ACABQ, and that the question of a contribution to IPCC needed further analysis in the context of a detailed budget proposal. Some representatives indicated that they preferred to reserve their positions on the budget until COP 1, when such a proposal would be available.

## 2. Conclusions

19. At its 5th plenary meeting, on 15 February, the Committee decided to recommend to the Conference of the Parties that it adopt the financial procedures in A/AC.237/L.26, the text of which is contained in Part Two of this report.

20. It further decided to recommend to the Conference of the Parties that it request the General Assembly, bearing in mind the institutional linkage of the Convention secretariat to the United Nations and the large number of States which are Parties to the Convention, to finance from the

regular programme budget of the United Nations the conference-servicing costs arising from sessions of the Conference of the Parties and its subsidiary bodies for the duration of the institutional linkage.

21. At the same meeting, the Committee requested the Executive Secretary to prepare, for consideration by COP 1, a detailed budget for 1996/1997, taking into account the discussions of the Committee at its eleventh session, and to circulate this to the Parties as soon as possible.

### C. Physical location

Replace paragraph 79 in document A/AC.237/L.24/Add.1 by the following paragraph:

79. The representative of Germany, elaborating on his country's offer to host the permanent secretariat in the city of Bonn detailed in document A/AC.237/Misc.45, emphasized that the office space would be provided on a permanent rent-free basis, which corresponded to DM 0.6 million annually. Germany would, in addition to its regular annual budget share, provide an amount of DM 1.5 million annually, as well as the costs of relocating the secretariat. Moreover, Germany offered DM 3.5 million for events organized by the secretariat under the Convention, which amount was not earmarked for meetings in Germany. The total additional contribution thus amounted to DM 5.6 million (not including the costs of relocating the secretariat and Germany's regular annual budget share).

## XI. ARRANGEMENTS FOR THE FIRST SESSION OF THE CONFERENCE OF THE PARTIES, INCLUDING THE PROVISIONAL AGENDA

### 1. Proceedings

Add the following paragraph after paragraph 96 in document A/AC.237/L.24/Add.1:

... At the 5th plenary meeting, on 15 February, the Chairman informed the Committee that the Alliance of Small Island States (AOSIS) had presented its nomination for one Vice-President of the Conference.

... At the 6th plenary meeting, on 16 February, the Chairman informed the Committee that he had received nominations from the Asian Group for two members of the Bureau of the Conference, and from the Group of Eastern European countries for the posts of two Vice-Presidents of the Conference.

2. Conclusions

Replace paragraph 98 in document A/AC.237/L.24/Add.1 by the following two paragraphs:

98. At the 5th plenary meeting, on 15 February, the Chairman submitted a draft recommendation on organizational matters (A/AC.237/L.25) for consideration by the Committee. In introducing the draft recommendation, he noted that statements by groups of Parties could be made in plenary and referred for appropriate action to the Committee of the Whole.

98(bis). At the same meeting, the Committee adopted recommendation ... on organizational matters for submission to COP 1, the text of which is contained in Part Two of this report.